

Assembly Bill No. 2411

Passed the Assembly August 24, 2010

Chief Clerk of the Assembly

Passed the Senate August 23, 2010

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2010, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 120 of, and to add Part 9 (commencing with Section 12880) to Division 2 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2411, Jones. Pet insurance.

Existing law provides for the regulation of various types of insurance by the Department of Insurance.

This bill would provide for the regulation of pet insurance, as defined. The bill would, in connection with the sale of a new, amended, or renewed pet insurance policy on or after July 1, 2011, require pet insurers to reasonably disclose to the consumer (1) if the policy excludes coverage on the basis of a preexisting condition or other disorder, as specified, (2) any policy provision that limits coverage in a specified manner, and (3) whether the insurer reduces coverage or increases premiums based on claims experience in any preceding policy period. The bill would also, with respect to pet insurance policies marketed, issued, amended, renewed, or delivered on or after July 1, 2011, require pet insurers that determine claim payments on any basis or that use a benefit schedule to clearly disclose that basis or schedule in the policy and through a link on the insurer's Internet Web site, as specified. The bill would enact other related provisions. The bill would require the department to post on its Internet Web site a list of the insurers that offer, issue, or underwrite pet insurance in the state; the names of the products that those insurers offer, issue, or underwrite; the names of their general agents with authority to offer, issue, or underwrite pet insurance; and a link to insurers' company profiles maintained by the department.

The people of the State of California do enact as follows:

SECTION 1. Section 120 of the Insurance Code is amended to read:

120. Miscellaneous insurance includes insurance against loss from damage done, directly or indirectly by lightning, windstorm,

tornado, or earthquake; insurance under an open policy indemnifying the producer of any motion picture, television, theatrical, sport, or similar production, event, or exhibition against loss by reason of the interruption, postponement, or cancellation of such production, event, or exhibition due to death, accidental injury, or sickness preventing performers, directors, or other principals from commencing or continuing their respective performance or duties; pet insurance, as defined in Section 12880; and any insurance not included in any of the foregoing classes, and which is a proper subject of insurance.

SEC. 2. Part 9 (commencing with Section 12880) is added to Division 2 of the Insurance Code, to read:

PART 9. PET INSURANCE

12880. For purposes of this part, the following definitions shall apply:

(a) “Pet insurance” means an individual or group insurance policy that provides coverage for veterinary expenses.

(b) “Veterinarian” means an individual who holds a valid license to practice veterinary medicine from the Veterinary Medical Board pursuant to Chapter 11 (commencing with Section 4800) of Division 2 of the Business and Professions Code or other appropriate licensing entity in the jurisdiction in which he or she practices.

(c) “Veterinary expenses” means the costs associated with any medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed by a veterinarian.

(d) “Hereditary disorder” means an abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.

12880.1. A policy of pet insurance that is marketed, issued, amended, renewed, or delivered to a resident of this state on or after July 1, 2011, regardless of the situs of the contract or master group policyholder, shall be subject to this part.

12880.2. (a) In connection with the sale of a new, amended, or renewed policy of pet insurance on or after July 1, 2011, a pet insurer shall reasonably disclose all of the following to the consumer:

(1) If the policy excludes coverage due to any of the following:

(A) A preexisting condition.

(B) A hereditary disorder.

(C) A congenital anomaly or disorder.

(2) Any policy provision that limits coverage through a waiting or affiliation period, a deductible, coinsurance, or an annual or lifetime policy limit.

(3) Whether the insurer reduces coverage or increases premiums based on claims experience in any preceding policy period.

(b) If a pet insurer uses any of the terms set forth in subparagraphs (A) to (C), inclusive, of paragraph (1) of subdivision (a) in a policy of pet insurance, the insurer shall include a definition of the term in the policy and shall make that definition available via a link on the main page of the insurer's Internet Web site.

(c) A pet insurer that determines claim payments under a pet insurance policy on any basis shall clearly disclose that basis in the policy and through a link on the main page of the insurer's Internet Web site.

(d) A pet insurer that uses a benefit schedule to determine claim payments under a pet insurance policy shall do both of the following:

(1) Include the applicable benefit schedule in the policy.

(2) Disclose all benefit schedules used by the insurer under its pet insurance policies through a link on the main page of the insurer's Internet Web site.

(e) A pet insurer that determines claim payments under a pet insurance policy based on usual and customary fees, or any other reimbursement limitation based on prevailing veterinary service provider charges, shall do both of the following:

(1) Include a usual and customary fee limitation provision in the policy that clearly describes the insurer's basis for determining usual and customary fees and how that basis is applied in calculating claim payments.

(2) Disclose the insurer's basis for determining usual and customary charges under the policy via a link on the main page of the insurer's Internet Web site.

(f) The disclosures required by this section shall be in addition to any other disclosures required by other applicable law.

12880.3. Notwithstanding any other provision of law, the department shall publish on its Internet Web site a list of the

insurers that offer, issue, or underwrite pet insurance in the state. With respect to each insurer listed, the department shall publish on its Internet Web site the names of the pet insurance products that the insurer offers, issues, or underwrites in the state, including any name marketed to consumers, the name of the insurer's general agent or general agents with authority to offer, issue, or underwrite pet insurance in the state, if any, and a link to the insurer's company profile maintained by the department.

Approved _____, 2010

Governor